

Message Text

CONFIDENTIAL

PAGE 01 PARIS 17072 01 OF 02 211406 Z

53

ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 AID-20 EB-11 COME-00 TRSE-00 NEA-10 SIL-01

LAB-06 AGR-20 STR-08 INT-08 SCEM-02 RSR-01 /195 W

----- 015533

R 211224 Z JUN 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1163

INFO USINT ALGIERS

AMEMBASSY NOUAKCHOTT

AMEMBASSY RABAT

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

C O N F I D E N T I A L SECTION 1 OF 2 PARIS 17072

E. O. 11652: GDS

TAGS: PFOR, FR, AL

SUBJECT: FRANCO- ALGERIAN RELATIONS

REF: ALGIERS 0982

SUMMARY: DESPITE APPEARANCE OF DIPLOMATIC NORMALITY, CONTINUATION OF LARGE TECHNICAL ASSISTANCE PROGRAM AND SUBSTANTIAL COMMERCIAL TIES, FRANCO- ALGERIAN RELATIONS ARE PASSING THROUGH PERIOD OF MALAISE AND SUSPICION. TRADE, WHICH DECLINED PRECIPITOUSLY AFTER 1971 OIL NATIONALIZATION, HAS NOT RECOVERED. LONG- STANDING CONTENTIEUX RELATING TO COMPENSATION FOR NATIONALIZED PROPERTIES AND TRANSFER OF BLOCKED FUNDS HAVE NOT BEEN RESOLVED. POLITICALLY, GOF SEES ALGERIAN ACTIVITY SOUTH OF SAHARA AS EFFORT TO UNDERCUT RESIDUAL FRENCH INTERESTS IN FRANCOPHONE AFRICA. GOF HOPES FORTHCOMING BOUTEFLIKA VISIT WILL GIVE POLITICAL RELATIONS NEW BOOST AND WILL LEAD TO PROGRESS ON CONTENTIEUX, BUT EXTENT OF IMPROVEMENT WILL BE LIMITED BY LEGACY OF PAST MISTRUST AND DIFFERENT PERCEPTIONS OF NATIONAL

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 17072 01 OF 02 211406 Z

INTEREST ON EITHER SIDE OF MEDITERRANEAN. IN ECONOMIC AREA, AS FRANCE BECOMES IMPORTANT MARKET FOR ALGERIAN GAS, ECONOMIC RELATIONS MAY IMPROVE, BUT FRENCH LIKELY TO PRESS FOR COMPENSATING ACCESS TO ALGERIAN MARKET. FRENCH WILL ALSO WATCH WITH ENVY GROWTH OF US- ALGERIAN ECONOMIC RELATIONS, BUT INCREASING COMMERCIAL COMPETITION WITH FRANCE IN ALGERIAN MARKET SHOULD NOT ADVERSELY AFFECT OVERALL FRANCO- AMERICAN RELATIONS. END SUMMARY.

1. FRANCO- ALGERIAN RELATIONS REMAIN IN DOLDRUMS OF SUSPICION AND MISTRUST ON BOTH POLITICAL AND ECONOMIC LEVELS. BOUTEFILKA VISIT TO PARIS JULY 9-11 (ANNOUNCED FOLLOWING JUNE 12 MEETING BETWEEN PRESIDENT POMPIDOU AND ALGERIAN AMBASSADOR BEDJAOUI) AND RUMORED BOUMEDIENNE VISIT LATER IN YEAR SUGGEST THAT BOTH FRENCH AND ALGERIANS CURRENTLY SEEKING TO IMPROVE THEIR RELATIONS. ON SEVERAL OCCASIONS OVER LAST YEAR, BOUMEDIENNE HAS INDICATED HE WISHED MORE NORMAL RELATIONSHIP. ON TENTH ANNIVERSARY OF ALGERIAN INDEPENDENCE LAST JULY, HE DECLARED THAT ALGERIA WAS PREPARED TO COOPERATE WITH FRANCE ON BASIS OF RESPECT FOR SOVEREIGNTY AND COMMON INTEREST. THIS THEME WAS REPEATED ON JANUARY 12 WHEN HE STATED THAT IF IN PAST THERE HAD BEEN FACTORS OF TENSION AND PROBLEMS BETWEEN TWO COUNTRIES, FROM ALGERIAN SIDE THERE REMAINED NO CONFLICT OF INTEREST. HE CLAIMED LAST REMAINING PROBLEM INHERITED FROM PERIOD OF FRENCH OCCUPATION HAD BEEN ENDED WITH PARTIAL NATIONALIZATION OF OIL INDUSTRY.

2. ALGERIAN WILLINGNESS TO TURN OVER NEW LEAF WITH FRANCE HAS BEEN RECEIVED WITH CAUTION ON FRENCH SIDE. VISIT OF BOUTEFILKA HAD BEEN IN WIND FOR SOME TIME BUT WAS FREQUENTLY POSTPONED. DIPLOMATIC RELATIONS HAVE BEEN MAINTAINED; TECHNICAL ASSISTANCE PROGRAMS HAVE GONE ON; AND DISCUSSIONS HAVE CONTINUED ON VARIOUS BILATERAL ISSUES, BUT OVERALL RELATIONS HAVE LACKED WARMTH. FRENCH REMAIN EXTREMELY SKEPTICAL OF ALGERIAN INTENTIONS AND, DESPITE PRESENCE OF ALMOST 6-7,000 COOPERANTS, SEE GOA PURSUING CONSCIOUS POLICY TO LIMIT FRENCH CULTURAL AND ECONOMIC INFLUENCE. IN PART, SUSPICION IS LEGACY OF PAST, NOTABLY OF EARLIER GOA ACTIONS AGAINST FRENCH ECONOMIC STAKE IN ALGERIA, CULMINATING IN NATIONALIZATION OF MAJORITY OF FRENCH OIL INTERESTS IN 1971.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PARIS 17072 01 OF 02 211406 Z

3. SUSPICION IS ALSO FUNCTION OF LONGER- TERM CLASH BETWEEN FRENCH AND ALGERIAN POLITICAL INTERESTS IN MEDITERRANEAN AND AFRICA. ALGERIA, SEEKING TO MAKE MEDITERRANEAN " SEA OF PEACE" WITHOUT AMERICAN (AND SOVIET) NAVAL PRESENCE AND ACTIVELY ENCOURAGING ECONOMIC DECOLONIZATION OF BLACK, PARTICULARLY FRANCOPHONE, AFRICA, IS WORKING AT CROSS- PURPOSES WITH FRENCH INTERESTS. ALTHOUGH FRENCH MAY OVERESTIMATE

ALGERIAN POLICIES AND CAPABILITIES, THEY SEE TRANS- SAHARA HIGHWAY AND NEW SHIPPING AND COMMERICAL TIES WITH AFRICA S PART OF ALGERIAN PLAN TO UNDERCUT FRANCE POLITICALLY AND TO CREATE PERMANENT MARKET FOR ALGERIAN GOODS. FRENCH ARE ALSO LESS THAN ENTHUSIASTIC ABOUT ALGERIA' S " NON- ALIGNED" FOREIGN POLICY, PARTICULARLY WHEN IT COMES UP AGAINST FRANCE' S OWN INTERESTS IN MEDITERRANEAN. WHILE FRENCH IN THEORY MIGHT PREFER BOTH US AND SOVIET FLEETS TO LEAVE MEDITERRANEAN, THEY, UNLIKE ALGERIANS, ARE REALISTIC ENOUGH TO RECOGNIZE THAT UNDER PRESENT CONDITIONS CONTINUED US PRESENCE IS IN THEIR INTEREST.

4. BEYOND STRATEGIC INTERESTS THERE REMAIN SERIES OF MINOR IRRITANTS. ARBITRARY SARRESTS OF FRENCH COOPERANTS OR TOURISTS TAKE PLACE. VARIOUS FRENCH NEWSPAPERS AND WEEKLIES ARE BANNED, AND GOF FEELS IT HAS DIFFICULTY IN GETTING ITS SIDE OF STORY ACROSS IN ALGERIA. WHILE CONSULAR CONVENTION, WICH IS CURRENTLY UNDER NEGOTIATION, MAY DIMINISH SOME OF THESE IRRITANTS, IT IS NOT LIKELY TO REMOVE THEM ENTIRELY. EQUALLY FROM ALGERIAN SIDE, TREATMENT OF ALGERIAN WORKERS IN FRANCE, WHICH MARRED BY DEGREE OF DISCRIMINATION AND RACIAL PREJUDICE, WILL CONTINUE TO BE SOURCE OF PREOCCUPATION FOR GOA.

5. ON ECONOMIC LEVEL SITUATION IS NOT MUCH BETTER. FRANCE IS STILL SINGLE MOST IMPORTANT SUPPLIER OF ALGERIAN MARKET, DESPITE GAINS OF OTHER COMMON MARKET COUNTRIES, BUT ALGERIA REPRESENTS DECLINING PERCENTAGE OF OVERALL FRENCH TRADE.

CONFIDENTIAL

NNNNMAFVVZCZ

ADP000

CONFIDENTIAL

PAGE 01 PARIS 1707Z 02 OF 02 211422 Z

53

ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 AID-20 EB-11 COME-00 TRSE-00 NEA-10 SIL-01

LAB-06 AGR-20 STR-08 INT-08 SCEM-02 RSR-01 /195 W

----- 015710

R 211224 Z JUN 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1164

INFO USINT ALGIERS

AMEMBASSY NOUAKCHOTT
AMEMBASSY RABAT
AMEMBASSY TRIPOLI
AMEMBASSY TUNIS

C O N F I D E N T I A L SECTION 2 OF 2 PARIS 17072

TRADE WITH ALGERIAN HOVERS BETWEEN ONE AND TWO PER CENT OF TOTAL FRENCH TRADE, AND ALGERIA' S TRADE WITH FRANCE IS DOWN FROM 60 PER CENT OF TOTAL IN 1969 TO ONLY 30 PER CENT TODAY. ON BOTH SIDES, COMMERCIAL DIVERSIFICATION HAS TAKEN PLACE AND PRIVILEGED RELATIONSHIP OF PAST IS VIRTUALLY DEAD.

6. IN SPECIFIC TERMS, FRENCH EXPORTS TO ALGERIA DECLINED IN 1972 TO APPROXIMATELY 1969 LEVEL AND AT 2382.4 MILLION FRANCS WERE SUBSTANTIALLY BELOW 1970 LEVEL OF 3124.1 MILLION. DECLINE IN FRENCH EXPORTS OCCURRED IN MOST MAJOR CATEGORIES, ALTHOUGH THERE WAS SOME COUNTER- BALANCING TREND AND MODEST INCREASES IN SALES OF AGRICULTURAL PRODUCTS AND ELECTRICAL EQUIPMENT. ON IMPORT SIDE, DROP IN FRENCH IMPORTS FROM ALGERIA IS EVEN MORE DRAMATIC, HAVING GONE DOWN FROM 3539 MILLION FRANCS IN 1970 TO 1706 MILLION IN 1972. THIS DECLINE ACCOUNTED FOR PRIMARILY BY REDUCTION IN IMPORTS OF ALGERIAN CRUDE (DOWN FROM 27 MILLION TONS IN 1970 TO 11 MILLION TONS IN 1972) AND OF WINE (DOWN FROM 6.5 MILLION HECTOLITRES TO
CONFIDENTIAL
CONFIDENTIAL

PAGE 02 PARIS 17072 02 OF 02 211422 Z

ONLY 344,000). OVER SHORT TO MEDIUM TERM. QUAI SOURCES EXPECT MODEST INCREASES IN TRADE BUT 1973 FRENCH EXPORTS UNLIKELY TO REACH 1970 LEVEL. ALTHOUGH GOA HAS SOMEWHAT MODIFIED RESTRICTIVE MEASURES AGAINST FRENCH IMPORTS TAKEN IN AFTERMATH OF OIL NATIONALIZATION IN 1971, GOF STILL BELIEVES THAT GOA DISCRIMINATES AGAINST FRENCH IMPORTS.

7. OVER LONGER TERM, IT IS MORE DIFFICULT TO PREDICT ACCURATE COURSE OF FRANCO- ALGERIAN COMMERCIAL RELATIONS. FRENCH IMPORTS OF NATURAL GAS ARE CERTAIN TO RISE IN VIEW OF TWO AGREEMENTS BETWEEN FRANCE AND ALGERIA FOR IMPORTATION OF FOUR BILLION CUBIC METERS OF LNG ANNUALLY OVER 15 YEAR PERIOD BEGINNING IN 1976 AND THREE BILLION CUBIC METERS WHICH FRANCE WILL GET FROM EUROPEAN CONSORTIUM' S AGREEMENT WITH SONATRACH. BY 1980, ACCORDING TO SOME ESTIMATES (SEE EMBASSY PARIS' S A-65, JANUARY 19, 1973), FRANCE WILL BE IMPORTING ONE- QUARTER OF ITS GAS REQUIREMENTS FROM ALGERIA.

8. PROSPECTS FOR FRENCH EXPORTS ARE MORE UNCERTAIN. FRANCE ALREADY HAS KEY POSITION IN ALGERIAN MARKET BUILT UP OVER MANY YEARS. DROP IN EXPORTS IN 1971 AND 1972 REFLECTED AL- GERIAN COUNTERMEASURES IN WAKE FRENCH DECISION TO CUT BACK IMPORTS OF ALGERIAN CRUDE OIL AND WINE. HOWEVER, IN CO-

TROLLED ALGERIAN ECONOMY, GOA CAN USE LICENSING MECHANISM TO REVERSE DOWNWARD TREND. PRESUMABLY SUCH A DECISION WOULD BE BASICALLY POLITICAL. IN ANY EVENT, IN ONE AREA OF IMPORTANCE TO ALGERIA, FRENCH ARE HIGHLY COMPETITIVE: LNG ENGINEERING AND EQUIPMENT. OVER NEXT FIVE TO TEN YEARS FRENCH EXPORTS IN THIS AREA LIKELY TO RISE SUBSTANTIALLY AS LNG PLANTS ARE BUILT TO FULFILL GAS SUPPLY CONTRACTS WITH EUROPE AND US. IF, AS A RESULT OF GAS IMPORTS, THERE DEVELOPS SERIOUS DISEQUILIBRIUM IN FRENCH TRADE WITH ALGERIA, GOF IS LIKELY TO MAKE CONSIDERABLE EFFORT TO RESTORE BILATERAL BALANCE AND TO PRESS GOA TO INCREASE PURCHASES OF FRENCH INDUSTRIAL GOODS.

9. PROSPECTS FOR FRENCH INVESTMENTS OVER MEDIUM AND LONG TERM REMAIN UNCERTAIN. CONTENTIEUX, REPRESENTED BY CLAIMS OF SOME 150 COMPANIES WHICH GOA COMMITTED IN PRINCIPLE TO COMPENSATE FOR PAST TAKEOVERS, REMAIN UNRESOLVED. FIRST MEETING BETWEEN COMPANIES AND GOA HELD IN MAY, BUT ACCORDING TO QUAI,
CONFIDENTIAL
CONFIDENTIAL

PAGE 03 PARIS 17072 02 OF 02 211422 Z

MEETING WAS ONLY PRISE DE CONTACT. GOF WILL UNDOUBTEDLY BE PRESSING BOUTEFILKA ON THIS ISSUE AND ON BLOCKED ACCOUNTS OF FORMER FRENCH RESIDENTS WHICH REPRESENT FOR FRANCE TWO MOST IMPORTANT AREAS OF DIFFERENCE WITH ALGERIA. SHOULD SERIOUS NEGOTIATIONS ON THESE ISSUES GET STARTED AND ULTIMATELY SUCCEED, CONDITIONS WOULD HAVE BEEN CREATED FOR NEW FRENCH INVESTMENT. ECONOMIC POTENTIAL OF ALGERIA AND ATTRACTIVENESS OF GROWING INDUSTRIAL, PETROLEUM, AND GAS SECTORS ARE ALREADY MAGNETS FOR FRENCH BUSINESSMEN AND EVEN WITHOUT SETTLEMENT OF CONTENTIEUX, THERE MAY BE COME INVESTMENT. LATE MAY AGREEMENT BETWEEN FRENCH CRP AND SONATRACH FOR OIL EXPLORATION, UNDER WHICH CFP WILL PUT UP 49 PER CENT OF CAPITAL THROUGH ITS SUBSIDIARY TOTAL ALGERIA, IS ONE SUCH CASE.

10. AS OUR OWN INVOLVEMENT IN ALGERIAN ECONOMIC INCREASES, THERE WILL UNDOUBTEDLY BE DEGREE OF FRENCH ENVY OF OUR GROWING RELATIONSHIP. NOT ONLY WILL WE BE COMPETING IN SUPPLY OF LNG TECHNOLOGY AND EQUIPMENT, BUT IN ALL PROBABILITY, IN VARIETY OF OTHER AREAS WHERE UNTIL NOW FRENCH HAVE HAD PREEMINENT ROLE. THERE IS NO FUNDAMENTAL REASON, HOWEVER, WHY THIS COMPETITION SHOULD IMPINGE ON OVERALL FRANCO- AMERICAN RELATIONS. INDEED, TO DEGREE THAT ALGERIA IS DRAWN INCREASINGLY INTO ECONOMIC INTERDEPENDENCE WITH WESTERN COUNTRIES, INCLUDING US, THERE IS SOME HOPE THAT MORE RADICAL ASPECTS OF ALGERIA' S EXTERNAL POLICIES, WHICH ARE AS OBJECTIONABLE TO US AS TO FRENCH, MAY GRADUALLY CHANGE.

11. IN CONCLUSION, OVER NEXT FEW YEARS, FRANCO- ALGERIAN RELATIONS, WHICH CURRENTLY IN DOLDRUMS, COULD WELL IMPROVE. IF ALGERIANS ARE PREPARED TO MAKE EFFORT IN THIS REGARD, GOF

SEEMS WILLING TO RECIPROCATATE AND, DESPITE LEGACY OF PAST,
PUT RELATIONS ON MORE NORMAL BASIS. NATIONAL INTEREST ON
BOTH SIDES SHOULD FAVOR NORMALIZATION OF RELATIONS, PARTI-
CULARLY GOA' S NEED FOR ACCESS TO FRENCH LABOR MARKET FOR
ALGERIAN WORKERS, AND FRANCE' S DESIRE TO PARTICIPATE IN
BENEFITS OF ALGERIAN ECONOMIC GROWTH. BEFORE THESE INTERESTS
ARE FULLY ACKNOWLEDGED, CONSIDERABLE EMOTIONAL UNDERBRUSH
FROM PAST WILL HAVE TO BE CLEARED AWAY. BOUTEFLIKA
VISIT, WHICH IS FIRST " OFFICIAL" VISIT TO FRANCE BY ALGERIAN
FOREIGN MINISTER, WILL BE INTERESTING INDICATOR INTENTIONS
CONFIDENTIAL
CONFIDENTIAL

PAGE 04 PARIS 17072 02 OF 02 211422 Z

ON BOTH SIDES.
IRWIN

CONFIDENTIAL

NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PARIS17072
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730626/aaaajkqz.tel
Line Count: 299
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 ALGIERS 0982
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21-Aug-2001 by kelleyw0>; APPROVED <18-Oct-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> wfs 980219
Subject: FRANCO- ALGERIAN RELATIONS
TAGS: PFOR, AL, FR
To: AF
ALGIERS
NOUAKCHOTT
RABAT
SECSTATE WASHDC
TRIPOLI
TUNIS

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005